

# **Ag Risk Managers Insurance Agency, LLC**

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The following newsletter is being provided as an extended service to you for being a client of Ag Risk Managers Insurance Agency. ARM Insurance believes that the integration of marketing into your crop insurance is vitally important for your long-term financial success. We at ARM Insurance are committed to adding value to your business. Be sure to let us know if we can do anything to serve you better. This newsletter is produced and written by Mark Prudhomme of Northland Financial.

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## **MILK AND FEED USE MARKET LETTER**

### **CORN**

Good export business this week in corn and we did see a rally for the better part of the week after the very poor start last Monday. Corn only lost a penny last week and we should start out this week like we did last week with some sell pressure. Planting conditions were good and we should see a sizable increase in the amount of corn planted. The coming week looks wet and cool. Most of the rains will occur in KS, MO, ILL, IN, which happen to be the places that need less rain and warmer temperatures. As we all know even with the flooding we saw last year that the old adage "Rain makes grain" never fails. If it would warm up and the crop gets planted in the east they will have to be looking at huge crop potential.

Dec corn sold right down to the trend line I showed you last week had held for a good rally so this week should have us in a range on Dec corn of \$4.22-\$3.90. The May futures should see a range of \$3.89-\$3.66. I'm still looking for a sizable rally to come in both corn and beans but it's still several months away. We will have a strong move lower at some point this summer but that will be an excellent buying opportunity. Dec corn should make one more trip back toward the \$3.50 level again.

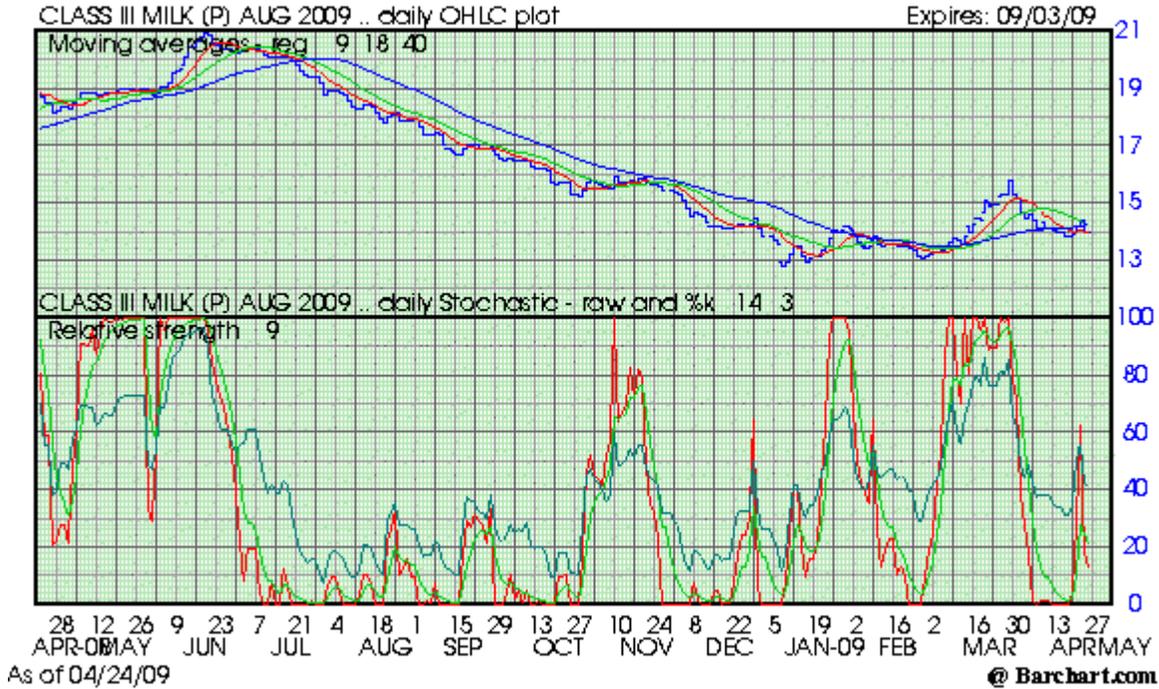
### **MEAL**

Last week we saw the May meal contract close just above the \$322 breakout level on the weekly charts. That trend breakout took May meal as high as \$334.80 last week and the meal market has now stalled for the moment. The front end of this market should continue higher as the bean export market stays on a hot streak. The front ends of meal will also find buyers on breaks and it now looks like May futures could exceed the \$350 mark. This will allow the July meal contract to make a move toward the \$322 resistance level on the continuation charts. If July closes above \$322, look for July to then rally toward the \$338-\$343 levels of resistance.

For end users, I would try to wait out a sell back toward the \$300 level before beginning to buy feed needs for the last half of the year. Casing the back months right now or looking too far out to buy meal might be a mistake as we look at prices a month from now. Meal is over bought but that doesn't mean it can't go higher. What it does tell me is we will see a very sharp drop in meal prices in the weeks ahead and it's best to wait on last half 2009 purchases.

**MILK**

I've put up the August milk chart below. We are finding some support in milk below the \$15 level and the timing in milk should become more bullish over the next week or so. Further moves lower in prices will be met with solid buying. I do not recommend making cash milk sales for the next couple of weeks as it looks to me prices will rebound past the \$16 mark and try to rally to \$16.60-\$17 by the end of the second quarter. If you're short the market in futures or puts I would look to cover on any weakness back to the \$14 level. A longer-term bottom in milk will surface latter this summer.



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